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HEADLINE: Hampstead Executives Sentenced in Tax Fraud

BODY:

BOSTON - The principals of a Hampstead electronics company who earlier admitted to concealing more than a half-million dollars from the government were described during their U.S. District Court sentencing yesterday, as tax evaders "simply because of greed."

James A. Johnston, 56, of 29 new Castle Hill Road, Windham and Charles A. DiDonato, 49, of 35 Constantine Drive, Tyngsboro, Mass., officers and sole shareholders of Johnson and Johnston, Assciates Inc., were each ordered to serve six months in prison, including five months in home detention and 24 months of supervised release.

Each was also ordered to pay a \$ 20,000 fine. Johnston and DiDonato pleaded guilty in August to eight counts and admitted they evaded taxes on more than \$ 573,000 income they received and concealed from 1987 through 1990.

Had the case gone to trial, Assistant U.S. Attorney Mark W. Pearlstein told federal judge David Mazzone, evidence would have shown that the two executives of the corporation that manufactures circuit board components pocketed the proceeds from sales of scrap metal produced as a byproduct of the manufacturing process.

In arguing against any term of incarceration, defense attorney Michael Gerstein of Haverhill recalled that the defendants agreed to immediately plead guilty to the charges. He urged that a term of probation be levied against the two chief officers to insure the continued operation of Johnson and Johnston and prevent the loss of jobs for some 50 employees at the firm.

Pearlstein responded that the offense required some term of imprisonment.

"The government's system of taxation requires a system of compliance and non-compliance

requires some jail time for these defendants," Pearlstein said. He said that each of the defendants "are not people living at the margins, financially."

He said they each had annual incomes ranging from \$ 84,000 to more than \$ 240,000 during their association with Johnson and Johnston, which is on Route 3 in Hampstead. "This was simply a fraud on the government and simply a case of greed," Pearlstein said.

Mazzone directed DiDonato to begin his one-month jail term Nov. 30. Johnston was told he is to begin his month-long jail stay after DiDonato's to insurecontinuation of operations at Johnson and Johnston.

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Terms: johnson & Johnston, hampstead, nh

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